



Iowa Lakes Electric Cooperative

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J. Bruce Bosworth
General Manager

July 29, 1994

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OFFICE OF
COMMISSIONER RACHELLE B. CHONG

The Honorable Rachelle B Chong
Commissioner
Federal Communications Commission
1919 M Street, NW Rm 844
Washington, D.C. 20554

RE: Cable Competition Report
CS Docket No. 94-48

Dear Commissioner Chong:

I am writing this letter in support of the Comments of the National Rural Telecommunications Cooperative (NRTC) in the matter of Implementation of Section 19 of the Cable Television Consumer Protection and Competition Act of 1992, Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming, CS Docket No. 94-48.

Iowa Lakes Electric Cooperative (ILEC) is a rural electric cooperative member of NRTC and a distributor of the DIRECTV direct broadcast satellite (DBS) television service. Iowa Lakes has been directly involved in bringing satellite television to rural consumers in eight rural Northwest Iowa counties since September 1987.

ILEC is very concerned that despite passage of the 1992 Cable Act, our ability to compete in our local marketplace is being hampered by our lack of access to programming owned by Time Warner and Viacom.

This programming, which includes some of the most popular cable networks like HBO, Showtime, Cinemax, The Movie Channel, MTV, Nickelodeon and others, is available only to our principal competitor, the United States Satellite Broadcasting Co. (USSB), as a result of a so called "exclusive" contract signed between USSB and Time Warner/Viacom. On the other hand, none of the programming distribution contracts signed by DIRECTV are exclusive in nature, and USSB is free to obtain distribution rights for any of the channels available on DIRECTV.

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Ms. Chong, ILEC agrees with the NRTC that these exclusive programming contracts run counter to the clear intent of the 1992 Cable Act. We believe that the Act prohibits any arrangement that prevents any distributor from gaining access to programming to serve non-cabled rural areas. Under the present circumstances, if one of my DIRECTV subscribers also wishes to receive Time Warner/Viacom product, that subscriber must purchase a second subscription to the USSB service.

We believe this "exclusive" contract arrangement between USSB and Time Warner/Viacom has been designed to hinder effective competition, and as a consequence keeps the price of the Time Warner/Viacom channels unnecessarily high. It also increases consumer confusion at the retail level over the availability of HBO, MTV, etc., since there is no reason we can not offer these programs other than this "exclusive" contract arrangement. We currently offer them under a C-Band satellite package marketed as "Rural TV", but are prohibited from doing so as a part of our DIRECTV package.

ILEC believes very strongly that the 1992 Cable Act flatly prohibits any exclusive arrangements that prevent any distributor from gaining access to cable programming to rural non-cabled area. This is why we supported the Tauzin Amendment, embodied in Section 19 of the Act.

ILEC is asking the FCC to remedy these problems so that the effective competition requirements of Section 19 become a reality in rural America. ILEC strongly urges you to banish the type of exclusionary arrangements represented by the USSB/Time Warner/Viacom deal.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink, reading "Markus I. Bryant". The signature is fluid and cursive, with a large, stylized "M" and "B".

Markus I Bryant
Assistant General Manager

cc:

The Honorable Representative Fred Grandy
The Honorable Senator Charles Grassley
The Honorable Senator Tom Harkin
William F Caton, Secretary
The Honorable Reed Hundt, Chairman
The Honorable Andrew C Barrett
The Honorable Susan Ness
The Honorable James H Quello

Original letter to follow